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A Review of Governmental Management Accounting Research around the Turn of the Century

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SOM theme D: Management Accounting and Financial Management

Abstract

This paper shows that governmental management accounting research around the turn of the century, as published in FAM, MAR and EAR, is different from general management accounting research in some respects. Although there are variations related to topics, theories and research methods, a mainstream in governmental management accounting research seems to exist. Research is predominantly directed to the way in which technical management accounting innovations are used, including organizational and contextual factors that might influence the use of these new techniques. Qualitatively oriented case and field studies are the dominant research methods, and the research is inspired by various theoretical viewpoints, e.g. economics, organization theory and neo-institutional theory. NPM, regarded as a lower level economic theory, turns out to be highly influential. The paper gives recommendations for governmental management accounting research in the future: more attention has to be paid to quantitative research, impact studies on NPM must be promoted, and jointly conducted research projects by management accounting and public administration researchers are welcomed.

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Introduction

The purpose of this paper is to review the state of research in governmental management accounting, as evidenced in publications in international accounting journals during the years 1999, 2000 and 2001. Two frameworks will be used for this review.

The first framework is derived from Shields (1997), who classified management accounting research by North American authors in the 1990's, according to their settings, topics, theories, research methods and results. Shields' framework will be combined with a pilot study of papers on governmental accounting research, in order to develop appropriate classification schemes. Settings concern various governmental branches, such as central government, local government and agencies; additionally, the country or countries to which the research is related, will be indicated. Topics refer for instance to budgeting, performance measurement and costing, theories might include economics, institutional theory and organization theory, whereas surveys, case studies, and experiments are types of research methods. The outcome of our classifications can be compared with those of Shields (1997) and those of Scapens and Bromwich (2001), who classified management accounting research during the first decade of the journal *Management Accounting Research* (the 1990's) by mainly European and Australian authors. This comparison may indicate whether governmental management accounting research is primarily a setting-specific type of general management accounting research, or that the governmental context gives rise to particular theories, research methods and topics.

The second, government-oriented framework (as suggested by Pollitt, 2002a, 2002b) will be used to classify the results of governmental management accounting research. In many western countries governmental organizations have adopted businesslike instruments and styles during the last decade. This development has been labeled *New Public Management (NPM)* (Hood, 1995). According to Pollitt, the adoption of NPM can be distinguished at four different stages or levels, firstly *discourse* (talk), secondly formal *decisions* to reform, thirdly actual organizational

practices and, finally *results* or *impacts* of changes in public administration. Pollitt argues that NPM convergence between the Western countries is merely a matter of discourse and formal decisions, whereas evidence for convergence in terms of practices and impacts is only limited. Moreover, Pollitt indicates that both the academic and the practitioner literature seem to be more about the first two stages of convergence than the third and the fourth. This paper intends to examine the extent to which this proposition is confirmed by the governmental management accounting research in international accounting journals around the turn of the century.

The paper is structured as follows. The next section will specify the domain of the research. We will indicate the types of academic papers we are looking for, in terms of the types of organizations researched and the research discipline adopted. We will also justify the selection of academic journals to be included in our review. The following section will develop the framework to be used for classifying the academic papers on governmental management accounting research. Thereafter, the section with the findings of our investigations will follow. Additionally, a section will be dedicated to illustrations of governmental management accounting research. The final section of the paper will summarize and discuss our findings.

Domain of the research

The research will be directed to one specific type of organizations, i.e. governmental organizations. This will not only exclude private sector companies, but also various types of public sector and other not for profit organizations, such as health care organizations, charities and public utilities.

The review will be restricted to management accounting research. This implies that other aspects of business administration than accounting (like general management, finance and marketing) are disregarded, and accounting issues, such as financial reporting and auditing, are also excluded. However, papers simultaneously discussing management accounting and issues from general management, financial accounting and/or auditing will be included.

The process of journal selection has been restricted to accounting journals, which means that governmental management accounting research in public administration journals is left out of consideration. Next to the pragmatic reason to limit the scope of the review, this restriction will also contribute to the comparability of the research findings with those of other management accounting reviews.

Initially, the 1999, 2000 and 2001 volumes of following six international accounting journals have been examined:

- Accounting, Auditing and Accountability Journal (AAAJ);
- Accounting, Organizations and Society (AOS);
- Critical Perspectives on Accounting (CPA);
- European Accounting Review (EAR);
- Financial Accountability and Management (FAM);
- Management Accounting Research (MAR).

Because MAR started in 1990 and EAR in 1992, this selection of journals is comparable to Broadbent and Guthrie's 1992 review of public sector accounting papers in AAAJ, AOS, CPA and FAM (Broadbent and Guthrie, 1992). Disregarding editorials, book reviews, comments and replies, ultimately AAAJ, AOS and CPA have not been included in our research, because these journals do not cover a substantial number of papers – at least three – on the target domain in their recent volumes.

Table 1 shows both the total number of papers and the number of papers on governmental management accounting research in the 1999, 2000 and 2001 volumes of the remaining three journals. On average, governmental management accounting research covers approx. twelve percent of the total number of papers in these journals. Evidently, FAM, being the niche journal for the research domain, contains a relatively high number of papers on governmental management accounting.

Prestigious North-American accounting journals – like the Accounting Review (AR), the Journal of Accounting and Economics (JAE), the Journal of Accounting Research (JAR), the Journal of Management Accounting Research (JMAR) and Contemporary Accounting Research (CAR) – do not or only rarely pay attention to governmental management accounting research. This even holds for the Journal of

Accounting and Public Policy (JAPP), notwithstanding the fact that this is partly a public sector accounting journal.

All papers included in the review are listed in appendix I. Other papers and books to be referred to in this paper are in the list of references.

Table 1. Total number of papers and the number of papers on governmental management accounting research in the 1999, 2000 and 2001 volumes of three accounting journals

Journal	Total number of papers	Number of papers on governmental management accounting research	Number of papers on governmental management accounting research as a percentage of total number of papers
FAM	68	17	25%
MAR	68	9	13%
EAR	112	4	4%
<i>Total</i>	<i>248</i>	<i>30</i>	<i>12%</i>

Classification framework and research method

Other reviews of governmental management accounting research – or of the broader domain of public sector accounting research – are not based on a well-defined framework. These reviews (such as Humphrey et al., 1990; Broadbent and Guthrie, 1992; Olson, et al., 1998; Guthrie, et al., 1999; Broadbent, 1999) critically appraise similarities and differences between academic papers in the research domain, without a classification scheme which would enable relevant features related to, for example, theories and research methods, to be quantified. Although such an approach is valuable, because it is not restricted by a predetermined set of evaluation criteria, it is less appropriate for making comparisons with other reviews of (public sector) management accounting research. Moreover, some recent reviews of management

accounting research in general developed a well-defined classification scheme. For instance, Shields' (1997) scheme was meant to classify management accounting research by North American authors in the 1990's, in terms of their settings, topics, theories, research methods and results. This scheme was also used by Scapens and Bromwich (2001), who classified management accounting research during the first decade of MAR (the 1990's) by mainly European and Australian authors. We will use Shields' scheme to classify management accounting research in the governmental sector, in order to indicate whether governmental management accounting research is primarily a setting-specific type of general management accounting research, or that the governmental context gives rise to particular theories, research methods and topics.

In his review Shields also discussed the results of the research, but he did not use a framework for classifying these results, which makes the comparability of the research results somewhat diffuse. Therefore, we used Pollitt's (2002a, 2002b) approach, which was particularly developed for the public sector, to classify the results of governmental management accounting research. Moreover, we conducted a pilot study of 15 papers, randomly chosen from the research domain, in order to consider adaptations of Shields' classification scheme that would enable an appropriate review of governmental management accounting research.

We will now elaborate on the various categorization types to be distinguished. Whenever appropriate, we will refer to the outcomes of the pilot study.

1. Settings

Two types of settings will be addressed. First, particular branches within the governmental sector, such as central government, local government and agencies will be distinguished. Additionally, related to agencies more specific functional types, such as educational services, will be mentioned. Second, the country or countries, to which the research is related, will be indicated.

II. Topics

The pilot research has shown that four topics are relevant: management accounting in general, budgeting (including internal reporting and variance analysis), performance measurement, costing (both cost calculation and cost management), and miscellaneous issues (including investment decisions). The pilot study also indicated that relatively many papers deal with more than one topic, especially budgeting combined with performance measurement. If two topics are addressed, each will count for one half; if three topics are addressed, each will count for one third, etc. A similar counting procedure will be used under III and IV. General management topics (referring to for instance decentralization and divisionalization), being non-accounting issues, will also be included.

III. Theories

A distinction will be made between economics (indicating conventional economics, i.e. market-based thinking) institutional theory (including institutional economics, like transaction cost economics and agency theory, as well as institutional sociology), organization theory and other theories (sociology, psychology). This is a somewhat broader classification than Shields (1997) has used.

The pilot study reveals that theoretical frameworks seem to refer to different levels of theorizing, i.e. general theories, in the sense of the theories mentioned above, and rather specific theories, such as NPM and strategic management. Hence, it is worthwhile to distinguish these different levels of theories. Moreover, some papers do not explicitly refer to any theory and are therefore classified as using 'no theory'.

IV. Research methods

According to Shields (1997), a distinction can be made between theory, (mathematical) analysis, survey, case/field research, archives, simulation and experiment.

The pilot study indicated that some papers do not use these standard research methods. These papers are mainly based on general descriptions of institutional changes, using information about legislation and economic and financial

developments. We will classify these papers (for example: Yamamoto, 1999; Seal, 1999) as ‘descriptive’ with respect to institutional changes.

Other papers (such as Pallot, 2000; Midwinter, 2001) are also difficult to classify according to the original classification scheme, because they are mainly reflections on developments within a certain governmental sector. Pallot’s paper deals with critique on NPM in the New Zealand public sector and Midwinter’s paper discusses New Labour’s agenda for UK local government. These papers will be classified as ‘reflections’, and if appropriate (i.e. in the case of a thorough review of the literature, for instance in Olson, et al., 2001) combined with ‘literature review’.

V. Results

Pollitt (2002a, p. 8, 2002b, p. 278) points to four levels of NPM adoption, which should be clearly distinguished in researching NPM. First, *discourse*, in the sense of the conceptual agenda of NPM. Private sector concepts, such as marketization, managerialism and output control, are claimed as promises for improvement of public sector service production and delivery. Second, the *decisions* to be taken by public sector organizations. This level refers to the instrumental or technical innovations of NPM, such as budget devolvement, output budgeting and value-for-money-auditing. Third, *practices*, i.e. the ways in which technical NPM innovations are used by public sector organizations, including contextual and organizational factors that may influence the use of new techniques in actual practice. And fourth, *results* of NPM, varying from for instance resource savings to process improvements and from efficiency gains to improvements in terms of quality and effectiveness.

The pilot study indicates that many papers explicitly refer to NPM, which enables the application of Pollitt’s framework on NPM research. However, this study also shows that a minority of the papers (for example Bjørnerak, 2000; Worthington, 2000) do not refer to NPM. In these instances, it seems appropriate to omit them from a classification according to Pollitt’s framework.

We will now justify the research method used for classifying the papers. Both the author and a research assistant read all the papers. From each paper an abstract was

written. An abstract had to satisfy the condition that it gives a good impression of all classification criteria, i.e. the settings of the paper, its topics, theories and research methods. Moreover, an abstract should be informative regarding the results of the research in question. Mostly, these abstracts contain much more information – counting between 250 and 350 words – than the official abstracts, that were printed in the journals. Whenever appropriate, complications in classifying the paper were also indicated. Based on the abstract the paper was classified according to the criteria developed above; a standard format was used for this classification procedure.

Appendix II gives an example of the way in which the classification procedure was conducted.

Findings

This section will summarize the findings of our review. Appendix III shows the outcome on the classification criteria of all papers.

We will now deal with the first research question, which was raised in the introductory section: which settings (both countries and governmental layers), topics, theories and research methods are addressed in publications on governmental management accounting research in international accounting journals during the years 1999, 2000 and 2001?

Table 2 gives an overview of the countries to which the research is directed. Apart from a relatively small contribution from Japan, all research is directed to either Western-European countries or to Australia and New Zealand. In almost all papers the location of the research is identical to the country where the author or authors work. Table 2 shows that about 35% percent of the papers have been written by authors from the UK. This position becomes even stronger if the internationally oriented papers and the papers that do not refer to any particular country, are taken into account. However, the UK is not so dominant as other reviews with a broader focus on European accounting research reveal, i.e. that UK's contribution amounts to more than 70% of the papers (Carmona, et al., 1999, pp. 469-471). Surprisingly, there

are no contributions from US authors. Although less prominent than in our research domain, Scapens and Bromwich (2001, pp. 2-3) review of MAR papers also points to an important position of UK authors, followed by other West-European and Australian authors.

Table 2 Classification of papers according to the countries to which the research is directed

Country(ies)	Number of papers
International	2
Australia	2.5
Japan	1.5
The Netherlands	5
New Zealand	3.5
Norway	2
UK	11.5
No country	2
<i>Total</i>	<i>30</i>

Legends: If two countries are addressed, each country counts 0.5; if more than two countries are included in the study, the paper is called international. England and Scotland are counted as UK

Table 3 classifies the papers according to various governmental branches. This table shows that local government and agencies attract far more attention from researchers than central government. This may be because local government and agencies are more innovative in management and accounting than central government (Guthrie, et al., 1999). Another explanation may be that local government and agencies are more susceptible to these innovations, because of the larger share of relatively concrete services in comparison with central government. Papers directed to the public sector in general have mostly either a reflective character (Heald and Dowdall, 1999; Townley, 2001; Olson, et al., 2001) or are theoretically oriented (Brignall and Modell, 2000).

Table 3 Classification of papers according to public sector branches

Public sector branch	Number of papers
Public sector in general	6
Local government	12
Second tier of government	1
Central government	1.5
Agencies	9
From which:	
Schools	3
Higher education	1.5
Police district	1
Others, or not specified	3.5
Health care	0.5*
<i>Total</i>	<i>30</i>

* Although research on health care organizations is excluded from this review, one paper (Groot, 1999) dealing with health care, was included, because it also dealt with higher education organizations.

Table 4 shows that nearly 80% (= 23.3/30) of the papers content concerns management accounting topics and over 20% other topics. Some papers are addressing management accounting topics combined with issues from financial accounting, auditing, finance and general management. A majority of the papers (approx. 60%) exclusively deals with management accounting topics.

Table 4 Classification of papers according to disciplines

Discipline	Number of papers
Financial accounting	1.8
Management accounting	23.3
Auditing	0.9
Finance	0.8
Management	3.3
<i>Total</i>	<i>30</i>

The tables 5, 6 and 7 classify the papers according to respectively management accounting topics, theories and research methods. In these three tables the findings of our investigations are compared with those of Shields (1997) on US management accounting research, as well as Scapens and Bromwich (2001) on management

accounting research in MAR. References to the latter two papers are denoted as respectively ‘Shields’ and ‘Scapens’. It has to be emphasized that the classification schemes of these studies differ to some extent from each other and also from our study. Consequently, some rearranging of the categories of the various studies was necessary to enable mutual comparisons. This also implies that these comparisons have to be interpreted with caution.

Table 5 shows some interesting differences between the results of our investigation and those of Shields and Scapens. Costing and cost management attract much more attention from US management accounting researchers than from governmental management accounting researchers. The reverse applies to the attention paid to performance measurement. Regarding these two topics researchers in MAR do show an intermediate position. The fact that governmental management accounting researchers are relatively more interested in performance measurement than in costing and cost management may have two reasons. First, because the identification of performance indicators is at the core of management accounting innovations related to NPM (Hood, 1995, p. 96). Second, because charging of governmental services is still not extensively used (see for instance: Walsh, 1995, pp 107-109; Ter Bogt, 1999, pp. 341-343), which might explain that costing of services is not a main issue. Another reason for the latter observation may be that outputs, in the sense of product volumes, are often difficult to identify.

Table 5 Classification of papers according to management accounting topics

Management accounting topic	Number of papers	In percentages	Shields	Scapens
Management accounting in general	3.1	13%	8%	20%
Budgeting	3.3	14%	14%	7%
Performance measurement	11.5	49%	35%	37%
Costing and cost management	3.1	13%	32%	18%
Miscellaneous	2.3	10%	11%	18%
<i>Total</i>	<i>23.3</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>

Table 6 classifies the papers according to the theories that are addressed. This table only shows the general theories that are used by the researchers. Three observations

can be derived from this table. First, institutional theory is more important to both governmental management accounting researchers and MAR researchers than to management accounting researchers from the US. Second, economics is the far most important theoretical source of inspiration to governmental management accounting researchers and US management accounting researchers, whereas research in MAR shows a broader range of theoretical viewpoints. The fact that economics is the favourite theory to governmental management accounting researchers can be explained by the dominant position of NPM, which is regarded as a second-level theory related to economics: about 70% of the papers make either exclusively or combined with other theories use of NPM. Finally, a large majority of the classified papers explicitly refer to one or more theories; only 20 % of the papers do not use any theory, which is lower than the score of MAR papers.

A more specific remark can be made about the use of institutional theory within our research domain. About 30% of the papers do address institutional theory – often in combination with another theory – but almost only that branch of this theory which may be denoted as neo-institutional sociology (see for instance: DiMaggio and Powell, 1983). This means that neo-institutional economics, such as agency theory and transaction cost economics (that combine institutional and economic reasoning), is mainly disregarded by governmental management accounting researchers.

Table 6 Classification of papers according to theories

Theories (higher level)	Number of papers	In percentages	Shields	Scapens
Economics	15.2	51%	52%	24%
Institutional theory	4.7	16%	6%	22%
Organizational theory	4.2	14%	22%	20%
No theory	6	20%	20%	34%
<i>Total</i>	<i>30</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>

Table 7 shows some striking differences with respect to the research methods used by the various categories of management accounting researchers. Case and field studies, in which semi-structured interviews play a main role, are the most important research methods used by governmental management accounting researchers. On the contrary,

little attention is paid to analytical and survey studies. Although the number of analytic papers is much higher in MAR, case and field studies are also dominant in this journal, which may point to a European-Australian research tradition. Furthermore, 10% of the papers on governmental management accounting refer to descriptions and even 20% to reflections. Reflective papers generally critically appraise the development and use of new management accounting techniques, without referring to a well-established theoretical framework and systematic empirical research.

Table 7 Classification of papers according to research methods

Research method	Number of papers	In percentages	Shields	Scapens
Analytic	1	3%	32%	25%
Survey	0.5	2%	18%	15%
Archival	2	7%	14%	6%
Literature review	3	10%	9%	8%
Case/field study	14.5	48%	7%	37%
Description	3	10%	-	-
Reflection	6	20%	-	-
Others	-	-	20%	9%
<i>Total</i>	<i>30</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>

Next, we will discuss the second research question that was raised in the introductory section: to what extent do these publications discuss various levels of NPM adoption, in particular; discourse, formal decisions, practices and impacts?

Table 8 shows the results on the four levels of NPM, as distinguished by Pollitt (2002a, 2002b). We can observe that about 70% of the papers explicitly refer to NPM theorizing. This percentage will be even higher, if we take into account that some papers that do not refer to NPM, implicitly discuss NPM concepts and techniques (for instance: Collier, 2001; Edwards et al. 2000; Townley, 2001). The second level and third level are predominantly addressed, often in combination with the first level. This means that governmental management accounting papers deal primarily with concepts, techniques and the way in which these techniques are used. These

management accounting researchers seem much less interested in the ultimate impacts of these techniques, in terms of especially their contribution to efficiency and effectiveness.

Table 8 Classification of papers according to Pollit's NPM levels

	Level 1: Discourse	Level 2: Instruments	Level: 3 Practices	Level 4: Impacts
Yes	15	22	20	1
Yes/no	5	0	1	4
No	2	0	1	17
Not applicable	8	8	8	8
<i>Total</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>

Legend: Yes/no means that a certain level is addressed to a limited extent.

According to Pollitt (2002a), research at the first NPM level (discourse) will be mainly based on document analysis and textual deconstruction. Research at the second NPM level (decisions) is a relatively straightforward matter: it catalogs and collects reform announcements. The third level of NPM (practices) requires more sophisticated research than the first and second level. Often extensive field work – in the form of surveys and case or field studies – will be necessary to investigate how techniques are used and also to shed light on contextual and organizational factors that may influence the use of new techniques in actual practice. Pollitt (2002b, pp. 278-279) emphasizes that the fourth and final level of NPM, directed to results, is the most difficult to tackle matter of research. Results of NPM include many dimensions, such as resource savings, process improvements, efficiency and effectiveness. The research at this level has to be based on a thorough analysis of extensive data bases, by applying statistical and econometric techniques. This type of research will be complicated for at least two reasons. First, due to a lack of appropriate data or technical limitations, these studies often focus on one or two result dimensions, for example on efficiency, disregarding issues of equality and effectiveness. Second, because it will be difficult to detect causal relationships between results in terms of

efficiency or effectiveness on the one hand and technical NPM innovations on the other.

We will now use the above indicated research agenda to evaluate the NPM-related papers in our review. As argued above, the research predominantly deals with the second level and the third level, often combined with the first level. The dominant research methods of these papers are case or field studies as (for instance: Ter Bogt, 2001; Christensen and Yoshimi, 2001; Collier, 2001; Johnsen, 1999; Kloot and Martin, 2000). Only one paper (Lapsley and Oldfield, 2001) is partly based on a survey. Moreover, the fourth NPM level does not attract much attention; the only two impact studies, using econometric techniques, come from Groot (1999) and Worthington (2000). In some papers the conceptual agenda of NPM (the first level) is taken for granted (Groot, 1999; Van Helden, 2000), whereas in other papers it is subject for a critical discussion (Guthrie et al., 1999; Olson, et al., 2001; Townley, 2001). The character of papers of the latter type is mainly reflective, meaning that NPM text documents are not thoroughly analyzed. We conclude that the reviewed papers are in many respects in accordance with Pollitt's research agenda, except that research at the second and third level only limitedly uses surveys and research at the first level is not based on text deconstruction. Unlike Pollitt's expectation that NPM research is mainly restricted to the first two research levels, our review shows a dominant interest in the first three levels of NPM research.

Case and field studies, being the dominant research methods, often use two data sources: formal reports and documents, as well as semi-structured interviews. Especially the use of the latter research method implies the dominance of qualitatively oriented research. Quantitative research, in which hypotheses are tested using econometric methods, is obviously not mainstream. The dominance of qualitative above quantitative NPM research seems to be similar to research traditions in UK public management (Boyne, 2002; Ferlie and Mark, 2002). Whether Boyne's speculations about the hostile attitude towards quantitative research – i.e. absence of technical skills and a lack of trust regarding the objectivity of facts – also applies to the reviewed NPM research lies beyond the scope of our paper.

Illustrations

In addition to the mainly quantitative analysis of the reviewed papers in the previous section, some illustrations of governmental management accounting research will be provided, in order to enrich our understanding of the achievements of the research in question. First some examples of technical contextual research will be given, because this type of research is depicted as mainstream in the previously presented quantitative analysis. Second, illustrations will be given of two types of research that seem to be specific to governmental management accounting research, e.g. research using neo-institutional sociology and reflective research. Finally the rather exceptional type of comparative international research, in which many countries are included, will be illustrated. These illustrations will all be NPM-related. This implies that other types of papers – for example Bjørnerak's (2000) analysis of cost causality in Norwegian schools, or Worthington's (2000) data envelopment analysis of local government performance in Australia – are not illustrated below.

Technical contextual research

In their review of public sector accounting research Broadbent and Guthrie (1992, pp. 6-7) distinguish three types of research: first, purely technical; second, technical contextual (the application of new accounting techniques in their specific context); and third, contextually technical (context is at core and technical accounting innovations are critically appraised). Although the difference between the types two and three is not unambiguous, papers in our review are mainly of these both types, with a dominance of the second type. Many papers relate technical management accounting changes to organizational and contextual factors. Two illustrations are given below (see also: Ter Bogt, 1999, 2001; Christensen and Hiroshimi, 2001; Van Helden, 2000; Kloot and Martin, 2000; Lapsley and Oldfield, 2001))

Yamamoto (1999) develops a model to explain accounting change in Japanese local (and second tier) government, mainly based on Lüder's contingency model of governmental accounting research. The model is applied to the local governmental

sector as a whole, as well as to two specific governmental organizations (prefectures). These illustrations show that financial stress is becoming increasingly important and additionally that institutional factors, such as new legislation on auditing, are influential. Accounting change is particularly directed to the introduction of accrual accounting (including full costing of services), performance measures (including benchmarking) and VFM audits.

Broadbent et al. (1999) review new accounting regimes for schools, especially primary and secondary schools, in the UK and New Zealand. Before the introduction of NPM, emphasis in public sector accounting was put on legality and probity, in the sense of respectively assuring appropriate funding and preventing fraud. NPM has changed the focus towards accounting technologies for output and process measurement, in order to enable distant control. Both countries show similarities with respect to the introduction of league tables and increased forms of inspection. However, there are also striking differences. League tables play an important role in the assessment of UK schools. These tables receive much attention from the press, and parents are supposed to make informed choices about the best performing schools for their children. The UK inspection regime is tight, in the sense that incentives for teachers were introduced (pay for performance) and schools were stimulated to use best practice educational devices. On the contrary, in New Zealand, league tables were introduced, but were subsequently replaced by school indicators for benchmarking purposes. Moreover, performance measures were primarily directed to the organization level, rather than the individual level of teachers. This paper concludes that the UK uses distant and cybernetic control for schools, whereas in New Zealand with its organizational focus there is much more room for professional judgement within schools.

Research using neo-institutional sociology

As argued before, a substantial number of papers simultaneously discuss management accounting innovations from an NPM perspective and a neo-institutional (sociological) approach (Ter Bogt and Van Helden, 2000; Brignall and Modell, 2000;

Collier, 2001; Edwards, et al., 2000; Johnsen, 1999; Lapsley and Pallot, 2000; Seal, 1999).

Lapsley and Pallot (2000) for example report on management and accounting change in four municipalities, two in Scotland and two in New Zealand. In interpreting these changes, two competing theories are discussed: the instrumental view as espoused by NPM and the socially constructed view, as advocated by new institutional theory. The first theory stresses real change, in the sense of delivering more value for money, whereas the second theory puts emphasis on rationalizing modernity, where new techniques are decoupled from the core processes of the organization and are mainly used as myths for legitimation. In Scotland the influence of new accounting techniques is weak, because instruments are poorly developed, and are mainly meant to be symbols of rationalized behaviour. Contrary to this, accounting innovations in the New Zealand municipalities are integrated in the underlying change processes. The paper concludes that changes in New Zealand municipalities fit with NPM reasoning, while changes in the Scottish municipalities are consistent with new institutional theory.

Two other papers come up with suggestions that might enrich the explanatory power of neo-institutional sociology (see also Brignall and Modell, 2000). Collier (2001) reports a field study concerning the introduction, implementation and use of devolved budgeting (internal decentralization of budgets) in a local police force in the UK. This paper shows that in the course of time, despite some resistance from the work floor, a powerful coalition of central and local police managers, which supported the accounting change, emerged. The new system contributed to both legitimacy (external regulation asked for devolved budgeting) and to the management of operational policing activities (leading to greater discretion for local police managers). Consequently, loose coupling between objectives and activities is not regarded as a buffer, but as an integrating device which serves different interests of a powerful coalition. Johnsen (1999) explores how implementation modes affect the success of the introduction of performance measurement systems in Norwegian local government. Implementation mode is defined as the extent to which a performance measurement system is coupled to the organizational objectives. The major finding of

this paper is that the implementation mode of de-coupled performance indicators and organizational objectives may facilitate instrumental use of performance measurement. The de-coupled implementation mode can provide management with buffers from political processes of formulating objectives and from organizational resistance to the use of performance indicators. This finding contradicts both MBO literature (which advocates such close coupling) and neo-institutional theory (which puts emphasis on de-coupling leading to symbolic usage of performance measurement systems).

Reflective research

Some papers are primarily reflective. Three examples may illustrate this approach (see also: Heald and Dowdall, 1999; Likierman, 2000; Townley, 2001; Whittington, 2000).

Bowerman et al. (2001) discuss the recent benchmarking initiative for UK local government. In 1997 the Blair administration introduced Best Value for local government, which aimed to achieve improved service quality at a price the local community is prepared to pay. Benchmarking was regarded as a key tool for Best Value: by comparing its service costs and quality with other municipalities, a local government organization is supposed to be challenged to either improve its own performance or to contract out its services to a better performing provider. Based on a review of the literature, the authors conclude that Best Value will mainly lead to 'defensive benchmarking'. This is a type of benchmarking in which local governments are primarily interested to show a good, or at least not a bad performance, to central government audit bodies. The paper concludes that rather than 'defensive benchmarking' an 'improvement-oriented benchmarking approach' is also an option for an individual local government. In that case an organization will need to support the underlying goals (improvement in order to become the best, instead of legitimacy) and it has to invest in information gathering, in order to enable a comparison of its own performance with best practice.

Midwinter (2001) critically reviews the New Labour agenda for modernizing local government in the UK. Main elements in this 1995 agenda are: more citizen

participation, replacement of the council as municipal executive by a political executive and avoidance of the tax and spending trap. The author criticizes this agenda for the following reasons. First, some issues go back to old traditions in government, for instance in the case of managerialism. Second, other changes will not lead to the supposed effects, or may even have negative side-effects: for example the replacement of the council by a political executive will harm democracy and will not solve the problem of political party paternalism. Third, there also seems to be a hidden agenda with spending constraints to local government and a strengthening of central government power over local authorities. Finally, although Best Value instead of Compulsory Competitive Tendering puts quality on the local government agenda, it neglects the existing positive appreciation of local government service delivery and it also rests on the unproven assumption of inefficient and ineffective operations of local government.

Pallot (1999) takes a brief look at emerging trends in public management accounting and raises questions about their implications for accounting. Many NPM practices have been introduced in the public sector at the very time that the shift in the private sector seems to be in the other direction. NPM-like developments in New Zealand have recently been criticized for various reasons. First, rather than vertically oriented management systems, co-ordination between policy fields is necessary, emphasizing the government as a whole. Second, public sector organizations should pay more attention to long-term strategic policy making. Third, the focus on outputs should be replaced by a focus on outcomes and assurance for future capabilities. And finally, involvement in wider community thinking is needed with contract-based agreements replaced by trustful partnership relations. Some of these innovations are underpinned by organization theory (strategic management and networks), which have to be combined with the economic reasoning that underlies the former NPM changes. A variety of perspectives is needed in addressing new problems, and the public sector provides a lens through which one can rethink conventional accounting practice, for instance by putting less emphasis on measurement and more on communication. The author emphasizes that there are no easy answers and it will require innovative, multi-skilled people to 'reinvent accounting'. After a decade of

importation of private sector practices into the public sector, the opportunities abound for the public sector to lead the way in accounting innovation.

Comparative international NPM research

Papers addressing international comparative studies on management accounting change in government, including many different countries, are scarce. A notable exception is Olson, Guthrie and Humphrey's (1998) 'Global Warning' book. Two papers in the research domain were derived from this study (Guthrie et al., 1999; Olson et al., 2001). Their first paper summarizes and discusses the findings of the international comparative research project on New Public Financial Management (NPFM). Eleven countries took part in this project, which was conducted in the years 1995-1997: Australia, France, Germany, Japan, Norway, New Zealand, Spain, Sweden, Switzerland, the UK and the USA. For each of these countries a case study was conducted; these were described in the book (Olson, et al., 1998) and summarized in Guthrie et al., 1999. NPFM refers to the accounting aspects of the broader concept of NPM. NPFM encompasses accrual-based financial reporting, market-oriented management systems (contracting out, full cost pricing), performance measurement systems, budget delegation and value-for-money auditing. Based on the findings of the country studies, the paper criticizes the conventional wisdom about NPFM. First, the differences between the countries reveal that NPFM cannot be regarded as a global movement. Some countries are in the front of NPFM change (like Australia, New Zealand and Sweden), while others (such as Norway and Germany) show a slow or even resistant change process. Various factors are raised to explain these differences, such as governmental structure and traditions, the existence of financial stress and the influence of accounting bodies. Second, NPFM seems to be appealing as a new 'language' in public management, rather than as a new concept that has proven to contribute to more efficient and effective government. In this respect, the authors criticize the lack of evidence concerning the impacts of NPFM reforms. Third, the paper strongly doubts the aspirations of NPFM in terms of democracy (substituting responsibility by accountability and restricting the public domain in favour of the market domain). All in all the paper emphasizes that NPFM

has to be seriously questioned, because of its accounting bias, its assertion that it contributes to better government and its claim to be a global paradigm in public management.

Summary and discussion

This paper shows that governmental management accounting research around the turn of the century, as published in FAM, MAR and EAR, is different from general management accounting research in some respects. Although there are variations related to topics, theories and research methods, a mainstream in governmental management accounting research seems to exist. Researchers are primarily interested in the way in which technical accounting innovations are used, including organizational and contextual factors that might influence the use of these techniques. Case and field studies are the dominant research methods, and the research is inspired by various theoretical viewpoints, e.g. economics, organization theory and neo-institutional theory. Furthermore, NPM, which is regarded as a lower level economic theory, is highly influential.

Unlike general management accounting research, especially in the international journals that are dominated by US authors, governmental management accounting research is only rarely analytic or survey-based. The absence of analytical research may be due to the fact that the research in question is related to a specific empirical context. Therefore, model building of management accounting practices might attract little attention in the reviewed journals.

Qualitative research methods, particularly semi-structured interviews, are mostly used in the case and field studies of governmental management accounting researchers. In accordance with the review of MAR papers by Scapens and Bromwich (2001, p. 4), our review also reveals that management accounting change is now receiving more attention than the gap between theory and practice. Quantitative studies, based on surveys or other extensive data bases, are scarce, whereas these types of studies seem to be particularly appropriate to research the impact of new

management accounting techniques. Hence, we would recommend a more eclectic research spectrum in the future, where there is a more balanced picture of qualitative and quantitative research. It is interesting to notice that the focus on qualitative research has much resemblance, both with the European-Australian tradition in general management accounting research, as evidenced from MAR papers, and with the tradition of public management research in the UK.

Governmental management accounting research is obviously specific with respect to the topics it addresses. Management control, and particularly performance measurement, attracts the interest of many researchers, at the expense of issues related to costing and cost management. This may be explained by the prominent role of performance measurement renewal in NPM. Unlike Pollitt's prospect that both the academic and the practitioner literature seem to be more about discourse and technical elements of NPM, our research reveals that governmental management accounting researchers are also interested in the NPM practices, i.e. in the practical usage of new management accounting techniques. The divergence between Pollitt's expectations and our findings may be explained by the fact that accounting techniques are the more tangible aspects of NPM, contrasted to, for instance, organizational culture and human resources issues as the intangible and more difficult to tackle NPM elements. However, surprisingly, studies on the impact of NPM techniques, in terms of their contribution to efficiency and effectiveness, are scarce. Although research in this area requires specific technical skills and also little aversion to analyzing extensive data bases than may exist nowadays, the international research forum cannot deny its importance. We would therefore recommend that journals, which publish governmental management accounting research, should promote impact studies of NPM innovations (see also Guthrie et al., 1999; Bowerman, 1998).

Our review of governmental management accounting research also questions its relevance for practice. Many papers do not address the issue as to whether or under which circumstances management accounting techniques can be successfully used in practice. The apparent popularity of neo-institutional sociology even points to the ceremonial character of many of these techniques. However, it was interesting to notice that especially FAM also pays attention to reflective papers on developments

in the public sector. From a purely academic viewpoint, this may be questionable, but such papers are potentially important to bridge the gap between the academic and professional audience with common interests in public sector management and accounting.

We were surprised to observe that governmental management accounting research is often separated from public sector management and public administration research (see Walsh, 1995; McLaughlin et al., 2002 as examples of the latter). Apparently, only a few authors are known in both research domains. This applies especially to Hood (1995) and Pollitt (2002a, 2002b) and – to a lesser extent – to Broadbent and Laughlin (2002). Contextual management accounting research is important to understand what is really going on in the governmental sector, and also to critically appraise managerialism and accountinization in this sector. In our opinion, this requires jointly conducted research projects by management accounting and public administration researchers.

Both Shields (1997, pp. 22-29) and Scapens and Bromwich (2001, pp. 8-9) point to several new directions for management accounting research, which could also be considered by governmental management accounting researchers. These concern the management accounting impacts of horizontal relationships, for example in partnerships and networks, as well as those of different strategic options. They also concern so-called virtual management accounting, which refers to management information systems that can provide customized financial and non-financial information to many different users in many different locations. While Shields calls for research that is based on multiple theories and multiple methods, Scapens and Bromwich put more emphasis on research diversity, in terms of both theories and methods. The latter authors also recommend that researchers should pay more attention to historical patterns of the use of management accounting techniques. However, organizational management accounting research – referring to one of Shields' other recommendations – is already predominant in the field of governmental management accounting research. A similar remark can also be made about Scapens and Bromwich's call to stimulate theoretically founded empirical research.

Finally, we will give some suggestions for extending this review. Firstly, the scope of the reviewed papers could be broadened to public sector management accounting. This especially requires inclusion of papers on management accounting in the health care sector. Secondly, it may be worthwhile to consider another American niche journal on public sector management, i.e. the International Public Management Journal (IPMJ), because this journal intensively deals with NPM developments, including management accounting issues. The same may hold for Public Money and Management (PMM). Thirdly, it could be interesting to investigate whether a more practice-oriented journal, like PMM, addresses other topics, theories, research methods and results than academic accounting journals. Particularly, a distinction could be made between the academic researchers and practitioners who publish in PMM. Notwithstanding these challenges for extending the research, the current review of governmental management accounting research already points to some intriguing government-specific elements, in terms of both management accounting topics and research methods.

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Appendix I. References to papers included in this review

Abbreviations:

- EAR = European Accounting Review;
- FAM = Financial Accountability and Management;
- MAR = Management Accounting Research.

Bjørnerak, Trond, Understanding cost differences in the public sector- a cost driver approach, *MAR*, 11, 2000, 2, pp. 193-211.

Bogt, Henk. J. ter, Financial and Economic Management in Autonomized Dutch Public Organizations, *FAM*, 15, 3-4, 1999, pp. 329-352.

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- Midwinter, Arthur ,New Labour and the modernization of British Local Government: a Critique, *FAM*, 17, 4, 2001, pp. 311-320.
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Appendix II Example of the way in which the classification scheme was used

Journal, with volume, edition, year and pages	FAM, 15, 3-4, 1999, pp. 329-352
Author(s)	Henk. J. ter Bogt
Title of paper	Financial and Economic Management in Autonomized Dutch Public Organizations
Shields' classifications	
Ia. Settings, levels, branches	Agencies
Ib. Settings, country(ies)	The Netherlands
II. Topics	Financial accounting (annual reports) and management accounting (budgeting, performance measurement, costing)
III. Theories	NPM, management control theory
IV. Research methods	Case studies
V. Results according to Pollitt's classification	
Va. Discourse	Yes
Vb. Decisions	Yes
Vc. Practices	Yes
Vd. Impacts	Yes, to some extent
Miscellaneous	-

Abstract of paper (abstract to be written by classifier)

Alongside with the introduction of New Public Management, many governmental organizations in the Netherlands were autonomized. Autonomization means a decrease in control by political top management over certain tasks or activities. The paper develops an autonomization spectrum in which eight forms of autonomization, both internal (various degrees of decentralization) and external (such as businesslike external agencies and privatized companies) are distinguished. The paper expects for instance that the larger the degree of autonomization, the larger the managerial responsibilities of the autonomized organizations will be, the more likely businesslike accounting techniques (such as product costing and performance measurement) will be applied, and also the more likely output-based funding will be. Case studies at six autonomized organizations in the Netherlands, both at the national, the provincial and the local level, were conducted. These organizations were selected because of their relatively concrete activities, in order to ensure the measurability of outputs and the

applicability of businesslike accounting techniques. The research shows that autonomized organizations were given more budgetary responsibilities, for instance in having more discretion to substitute between sub-budgets and by being allowed to build up equalization reserves. However, budgetary information was mainly restricted to financial aspects and little attention was paid to outputs and other performance indicators. Whenever performance information was available, it was hardly used. Moreover, the financial relationships between the (former) parent organizations and the autonomized organizations only slightly changed, for instance the expected transition to output funding did not occur. And finally, efficiency did not improve in most of the cases. The paper concludes that after autonomization financial management improved to some extent, but real changes in the economic management are only minor.

Complications in classification of paper

None

(This appendix is included with permission of the author of the classified paper)

Appendix III: classification results (papers alphabetically ordered by author)

Author(s)	Journal	Volume/ edition/date	Public sector branch ^a	Country(ies) ^b	Topics ^c	Theories ^d	Research method ^e	Results ^f		
								1	2	3
Trond Bjørnenak	MAR	11:2, 2000	Agencies (schools)	Norway	Management accounting (costing and cost driver analysis)	Economics (ABC) and organizational theory (strategic management)	Case/field study (using data on costs and cost drivers, and completed with interviews)	-	-	-
Henk J. ter Bogt	FAM	15:3-4, 1999	Agencies	The Netherlands	Financial accounting and management accounting (MA in general)	Economics (NPM) and organizational theory (management control theory)	Case/field study	y	y	y
Henk J. ter Bogt and G. Jan van Helden	MAR	11:3, 2000	Agencies and local government	The Netherlands	Management accounting (budgeting and performance measurement (planning and control))	Economics (NPM), organization theory and institutional theory	Case/field study	y	y	y
Henk J. ter Bogt	EAR	10:3, 2001	Local government	The Netherlands	Management accounting (performance measurement)	Economics (NPM), organizational theory (miscellaneous: manage-ment control theory (Merchant),	Case/field study	y/n	y	y

Arthur Midwinter	FAM	17:4, 2001	Local government	UK	Management accounting (performance measurement)	No theory	Reflection	-	-	-
Olov Olson, Christopher Humphrey and James Guthrie	EAR	10:3, 2001	Public sector	International	Management accounting (performance measurement and costing of services)	Economics (NPM)	Reflection and Literature review	y	y	y
June Pallot	FAM	15:3&4, 1999	Public sector	New Zealand	Management accounting (MA in general), financial accounting and auditing	Economics (NPM) and organization theory	Reflection	y	y	y
June Pallot	EAR	10:3, 2001	Local government	New Zealand	Management accounting (budgeting and performance measurement) and finance	No theory (only a reference to NPM)	Description	n	y	y
Brian A. Rutherford	FAM	16:3, 2000	Agencies	UK	Management accounting (performance indication)	Economics (miscellaneous: theory of performance indication)	Archival research	-	-	-
Willie Seal	FAM	15:3-4, 1999	Local	UK	Management, financial	Economics (NPM)	Description (review	y/n	y	y

				government		accounting, auditing and management accounting (costing of services)	and institutional theory	of institutional developments) and one case/field study			
Barbara Townley	FAM	17:4, 2001		Public sector in general	No specific country	Management (strategic management) and management accounting (performance measurement)	No theory	Reflection	-	-	-
Geoffrey Whittington	FAM	16:3, 2000		Agencies (higher education)	UK	Management accounting (miscellaneous: funding)	No theory	Reflection	-	-	-
Andrew C. Worthington	FAM	16:3, 2000		Local government	Australia	Management accounting (costing incl. Cost drivers)	Economics	Analytic (mathematical programming and econometric analysis)	-	-	-
Kiyoshi Yamamoto	FAM	15:3-4, 1999		Local government	Japan	Financial accounting, auditing and management accounting	Economics (NPM)	Description and fragmentary case/field research	y	y	y/n

^a Options for classification: public sector in general / local government / second tier of government / central government / agencies (no functions) / health care

^b Options for classification: International / Country: home / when 2: each 1/2 / when 3 (or more): international

^c Options for classification (2nd level in parenthesis):

1st level: FA / MA / auditing / finance / management

2nd level (levels within MA): MA in general / budgeting / performance measurement / costing incl. cost drivers / miscellaneous

^d Options for classification (2nd level in parenthesis):

1st level: economics / institutional theory / organizational theory / no theory

2nd level: within economics: miscellaneous / NPM / ABC

within organizational theory: miscellaneous / Strategic Management / management control theory

^e Options for classification: analytic / survey / archival / laboratory experiment / literature review / case/field study / description / reflection /

behavioural simulations / multiple research methods

^f Pollitt classification:

Level 1 (discourse), options for classification: y (yes), n (no), y/n (yes/no, meaning that this NPM level is to some extent existent) or – (NPM not appropriate)

Level 2 (decisions), options for classification as above

Level 3 (practices), options for classification as above

Level 4 (impacts), options for classification as above